CONTROLLER SEES JUSTICE OFFICIALS **ABOUT RIGGS BANK**

(Continued from First Page.)

this is not an absolutely true and cor-rect statement of the resources and liabilities of the bank.

onfederated, combined and conspired of the United States as to impose upon said plaintiff bank unlawful, excessive and rulnous penalties, and entirely cut off the plaintiff from certain very large bank deposits heretofore held by it, and greatly to injure said business, and that it is the purpose and intent of said defendants willfully and maliciously to inflict irreparable injury on the plaintiff bank in defiance of law and in violation of their official oaths, and wrongfully to subject the plaintiff avers that under date of March 5 the defendant "Williams addressed to plaintiff bank to their uncontrolled and arbitrary actions, which are unauthorized by law."

rambling, insulting and argumentative trary actions, which are unauthorized by law."

The bill charges also that said "Williams has called on plaintiff bank for alleged special reports which are wholly impertinent and irrelevant to a full and complete knowledge of its condition, and which are unnecessary for that purpose in any reasonable indigment of the controller of the currency, and has wrongfully and maliticusty subjected the plaintiff, by conducting a persistent and unlawful and insultorized inquisition, to compliance with many such calls at great expense, and has imposed upon plaintiff so officers and employes an appalling amount of totally useless work. In hindrance and detriment to a proper and orderly conduct of the bank's business."

Quotes Secretary McAdoo's Threat.

Plaintiff recites the alleged incidents of an interview in defendant McAdoo's office December 4, 1913, and charges the said defendant falsely charged the officers of plaintiff bank with having interview of the United States the follow-line:

Such practices are sometimes attended in a proper and order in the plaintiff bank with having interview of the United States the follow-line:

Such practices are sometimes attended in the pass of the suit for an injunction against the Treasury Decourse to printing she filing and dentity of the suit for an injunction against the Treasury Decourse to printing she filing and capitals with pages.

The plaintiff she

nspired certain articles which had ap-

officers of plaintiff bank with having inspired certain articles which had appeared in the New York Tribune, and declares "that the defendant McAdoo, the Secretary of the Treasury of the Linited States, in the official office as signed to him as such Secretary of the Treasury, arose from his chair and advanced menacingly toward Milton E tiles, a vice president of the plaintiff bank, and in great anger shouted, with a blasphemous oath. I will order you out of my office, and then turning to Charles C. Glover, president of the plaintiff bank, said to him, "Mr. Glover, you know what this means to the Riggs National Bank."

The plaintiff avers on information and belief that when the nomination of said defendant, John Skelton Williams, was under consideration by the committee on banking and currency of the United States Senate and before said committee would consent to report favorably said nomination, the defendant Williams was interrogated as to whether he would be fair and just in the administration of the office of the currency, said Williams fervently and solemnly assured said committee that he could and would fairly discharge the duties of said office, notwithstanding the hostility between him and the officers of the plaintiff bank.

The said Away Deposits

"Cleveland, March 18. Bertram O. Hill, thirty-eight, receiving teller at the Cleveland—Bank, shot and instantly killed himself today.

"Shortly before his suicide Hill received a letter from a Pittsburgh bank reminding him payment was expected Friday of his note for \$7775.

Said Bank Condition Dangerous.

Plaintiff avers "that the defendant was in an unsatisfactory and danger-ous condition, and that said assertion cannot be answered in any terms of moderation, except to refer to the statements of its condition herein set forth, the absolute truth and corrections of which cannot be successfully challenged or questioned in good faith."

The bill concludes by charging that the acts of the defendants McAdoo and Williams, unless endoined by the courts.

Takes Away Deposits.

thy climinated the plaintift hank from the name alars of the Detrict of Columbia according to a system of which and the control of the columbia according to a system of which are the columbia tax money deposited with other national banks of the Detrict of Columbia according to a system of which are the columbia tax money deposited be shown would have required that one-sith of the amount so deposited be positors has paid. And further, the folal taxes then paid. The folal taxes taxes the folal taxes the folal taxes ta Plaintiff further avers that in May,

Plaintiff avers that under date of March | Controller Williams.

"Such practices are sometimes attended whose borrowing, \$775, were insignificant as compared with the loans to your officers and employes, pathetically shows:

"Cleveland, March 15. Bertram O. Hill, thirty-eight, receiving teller at the Cleveland — Bank, shot and instantly filled himself today."

faith."

The bill concludes by charging that the acts of the defendants McAdoo and Williams, unless enjoined by the courts, would result in depriving plaintiff bank and its officers of their rights under the Constitution of the United States.

inlawful demands."

The bill enumerates "various lines of inquiry pursued by the defendant Williams, his demands for the deposit belances of individual depositors; for dealled information regarding the telephone and private telegraph wires maintained in the bank by certain of its correspondents; all of which, plaintiff avers, the controller was without authority to ask for, because such information does not come within the statutory provision." conferring on said official power to call for special reports.

Says Mr. Williams Threatened.

Plaintiff further avers that "when, in reply to certain unlawful and unreason-

Says Mr. Williams Threatened.

Plaintiff further avers that "when, in reply to certain unlawful and unreasonable demands, plaintiff suggested that such information could in no way add to this information could in no way add to this information could in no way add to this information regarding the conditions of the plaintiff bank, or add to his knowledge thereof, said Williams replied that Tou will soon learn that this office has suthority to inquire into and to investigate past transactions and transgressions, as well as to inform itself as to present conditions," an assertion of authors the plaintiff, and assessed as a penalty and determination in his malicious efforts to inquire plaintiff bank in the minds of its numerous correspondent banks, to harm a submitty to inquire in the minds of its numerous correspondent banks, to harm a submitty had been to be officed and without cause or provocation, 7 would not take the each of any one of your efforts. I have sificative and without cause or provocation, 7 would not take the each of any one of your efforts. I have sificative and william scharged, orally and publicly, to one of the officers of plaintiff bank and without cause or provocation, 7 would not take the each of any one of your efforts. I have sificative and william scharged, orally and publicly, to me of the officers of plaintiff bank in the williams charged or provocation. The provocation of the officers of plaintiff bank in the minds of the orall of the day of April, 1915, at 10 o'clock and, or the second of the officers of plaintiff bank and without cause or provocation, 7 would not take the each of any one of your effect. The provocation of the officers of plaintiff and several the provocation of the officers of plaintiff and several the provocation of the officers of provocation. The officers of the officers of the officers of the officers of the several provocation of the o

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"By the court:
"WALTER I. McCOY, Justice."

in Statement, Charges Officials With Offenses

ranted and untrue statements to place

"It is not the practice of this department to discuss in the public press the affairs of any national banking association, but since the officers in question have had the temerity to submit this matter to court, this office is prepared to show a condition of affairs in the management of this institution which fully warranted the action taken by this office.

by this office.
"The bank is solvent. The interests "The bank is solvent. The interests of depositors have been safeguarded by the actions of the controller's office, but if the methods and practices complained of had been permitted to continue the results would have been serious. The evidence will abundantly show that it has been necessary for this office to seek to terminate the reprehensible practices of the officers in question and their misuse of the powers delegated to them by the directors.

The penalty imposed for failure make reports, the collection of which penalty they seek to have enjoined grows out of their unwillingness to grows out of their unwillingness of disclose the true nature of the trans

Cross, took away from the bank the funds of other banks."

Justice Siddons May Hear Case.

Plaintiff again avers "that the defendant Williams has attempted to assert extraordinary, far-reaching, unauthorized and unlawful inquisitorial and the crowded condition of the controller's office in regard to its affairs.

It is probable that the case may be assigned for hearing before Justice Siddons, as Justice McCoy intimated that the crowded condition of the visitatorial powers against said bank docket in his course.

extraordinary, far-reaching, unauthorized and unlawful inquisitorial and visitatorial powers against said bank and threatened the bank and its officers with unspecified punitory action and has threatened to impose the imposition of extraordinary and unlawful penalties; and that, whereas, the plainies in the currency during the nearly eighteen years of its existence only twenty-seven letters, that said bank has received from said Williams and his subordinates fifty-one letters, and that its correspondence with the controller of the currency covers 503 printed pages, which do not include very voluminous tabulated statistical statements prepared at the demand of and submitted to the defendant Williams in a futile effort to met and satisfy and prevent a continuance of his unlawful demands."

The bill enumerates "various lines of inquiry pursued by the defendant Williams his demands for the deposit belances of individual depositors; for detailed information regarding the telephone with a few properties of the output of the pages williams has demands for the deposit belances of individual depositors; for detailed information regarding the telephone with a few properties of the output of the pages williams and the defendant Williams has demands for the deposit belances of individual depositors; for detailed information regarding the telephone with the rule to show cause read:

Siddons, as Justice McCoy intimated that the count might militate and the the count of the court might militate and the the controller of the controller of the court of the court of the page of the definity of the page of the definity of the page of the court of the page of the court of the page of the court of the court of the court of the page of the court of the page of the court of the court of the page of the court of the court of the court of the court of the page of the court of the court of the page of the court of the cou

Alleges Stock Speculation.

"The books of your bank showed at the date of the last examination that nearly \$1,000,000 of the funds of the bank were being loaned to some forty or fifty women on stocks and other securities, many of them of a highly speculative obscaracter, which had been bought for account of these women by officers of your bank, and for which your officers had duly collected their "commissions." Some of these loans had sufficient margin, but others were but scantily secured. But few, if any, of these women had any balances with your bank upon which they might have drawn to make good shrinkages in Ouestions Interest.

National Bank under date of March 9.

1915:

"Investigations by this office indicate that the officers of your bank have not only made or connived at the making of so-called 'dummy' or indrect loans, by which funds are furnished to customers beyond the amounts which the bank could legally lend directly to these customers as in the case of the five loans of \$50,000 each (\$250,000) made some years ago to your clerks for the benefit of one whose excessive loans you had been directed to eliminate from the bank, but your officers have, on different occasions, it appears, loaned to themselves or one to the other the bank's funds through these so-called 'dummy' or indirect loans; as, for example, when your president, less than a year ago, got \$86,500 of money from the bank through a note made by the assistant paying teller, on collateral frurnished by your president for hypothecation.

"The 'dummy' loan is again in evi-

pothecation.

The 'dummy' loan is again in evidence when your cashier, H. H. Flather, got \$26,400 of the bank's money on the note of one unknown to the bank examiner, but who your president and cashier have, under oath, described as being engaged in the 'laundry' business and a brother of your assistant paying teller, and who, it appears, permitted himself to be used for this purpose by your cashier.

"Another instance of the 'dummy'

ted himself to be used for this purpose by your cashier.
"Another instance of the 'dummy' loan occurs when your vice president, W. J. Flather, got from the bank, in April, 1912, \$17,500 on a note signed by one —, a bookkeeper at a salary of \$1,700 per annum in the American Security and Trust Company, in which company W. J. Flather is also a director. Vice President W. J. Flather, on January 11, 1915, made replies under oath to questions by the bank examiner.

The last report of the bank examine hows that, although direct loans to lents and your cashler have, during apparently pretty much eliminated with the unwarranted and malicious from the bank, this was done partly by attack in a New York newspaper upon

culators or persons for whom they had

been purchased.
"It seems in order at this time to sug-gest to your board that when the active officers of a national bank are engaged

Questions Interest.

Extract from letter addressed by the National Bank March 30, 1915: "The investigations of the bank exminer had raised serious questions as to whether or not your bank had collected that other statements recently submitted by you and other officers of your bank to this office, under oath, in addition to the incorrect statements to which your attention has been specifically called in this letter, are also untrue.

"Dummy Loans" Charged.

"Extract from letter addressed by the controller of the currency to the Riggs National Bank under date of March 9.

1915:

"Mether or not your bank had collected the proper amount of interest which it was entitled to receive, from its officers on loans (large and small) which had been made to those officers personally, sometimes directly on notes signed by themselves and sometimes indirectly on dummy notes signed by clerks of the Riggs National Bank, or of other banking institutions, or by outsiders, which said dummy loans were usually secured by collateral provided by the officers of the Riggs National Bank.

"It was believed to be desirable and important, in order to determine the

"This office could not accept, as an excuse for your refusal, the claim made in your letter that the large amount of money which the national bank examiner found the Riggs National Bank lending to its own officers at the time of his examination less examiners. of his examination last summer, or of his examination last summer, on both direct and indirect, or "dummy" loans, amounting to some hundreds of thousands of dollars, had nearly all been paid. Their repayment did not dispose of unsettled and important questions affecting the condition of your bank. It is instructive, though not reassuring, just here to point out that these payments were largely made. that these payments were largely made by transferring the loans of your of ers to other national banks and ome of the trust companies of the Di

w. J. Flather, got from the bank, in April, 1912, \$17,500 on a note signed by one —, a bookkeeper at a salary of \$1,700 per annum in the American Security and Trust Company, in which company W. J. Flather is also a director. Vice President W. J. Flather, on January 11, 1918, made replies under oath to questions by the bank examiner.

"This office regrets to inform you that it has reason to believe that the 'dummy' loans above referred to were by no means all of the loans of this character, or lack of character, which the officers of your bank have been dealing in, with or without the knowledge of its directors.

Loans in Other Banks.

"The last report of the bank examiner

some of the trust companies of the District of the indicate that the increase of the District by four of the senior and junior active officers of your bank amounted to more than seven hundred and fifty thousand dollars (\$750,000). These loans were all being carried by banking institutions in which one or more of your officers were either directors or employes and by two of the local trust companies, and were secured mainly by stocks and bonds, many of the stocks decidedly speculative * * and there were hypothecated in these loans nearly all of the stock of the Riggs National Bank owned by the borrowing officers.

Newspaper Interview.

"The statement also made by the ury in December, 1913, in connection

charged to the personal accounts of the relief from the arbitrary, unwarranted





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and unlawful exercise of official au- when an official abuses the functions of positions in which they have faithfulls

"One! Two! Left! Right!" Learn to dance - in your own home

and unlawful exercise of official authority by John Skeiton Williams, controller of the currency.

"It goes without saying that no bank ever seeks a controversy with the authorities lawfully constituted to have such a controversy over any proper er exercise of official authority. But



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